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PRESIDENT'S ANNUAL REPORT
TO THE STOCKHOLDERS OF THE
St. Joseph Lead Company
FISCAL YEAR ENDING
DECEMBER 31, 1929

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St. Joseph
Lead Co.

PRESIDENT'S ANNUAL REPORT

TO THE STOCKHOLDERS OF THE

St. Joseph Lead Company

FISCAL YEAR ENDING

DECEMBER 31, 1929

BOARD OF TRUSTEES

DANIEL K. CATLIN,
St. Louis, Missouri.

CHARLES M. CHAPIN,
New York.

HENDON CHUBB,
of Chubb & Son, New York.

IRWIN H. CORNELL,
Vice-President.

CLINTON H. CRANE,
President.

FIRMIN V. DESLOGE,
St. Louis, Missouri.

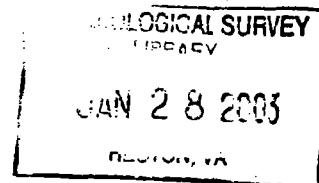
ANDREW FLETCHER,
Vice-President and Treasurer.

JAMES H. GROVER,
Vice-President of St. Louis Union Trust Company,
St. Louis, Missouri.

FRED W. SHIRLEY,
Vice-President of Bankers Trust Company, New York.

HON. E. C. SMITH,
St. Albans, Vermont.

M. F. WATTS,
of Watts & Gentry, St. Louis, Missouri.



PRESIDENT'S ANNUAL REPORT TO THE STOCKHOLDERS
OF THE
ST. JOSEPH LEAD COMPANY

FISCAL YEAR ENDING DECEMBER 31, 1929

In 1929 cash dividends to the amount of \$5,851,374.75 have been paid to stockholders, as compared with \$5,851,335.00 in 1928, and to minority stockholders in subsidiary companies \$70,305.00 as compared with \$76,253.00 in 1928.

Consolidated earnings were as follows:

	1928	1929
Gross	\$7,772,749.45	\$11,883,617.03
Deduct:		
Depreciation	\$1,050,348.88	\$ 1,268,935.08
Depletion	1,775,803.27	2,264,740.04
Reserve for Federal Income Taxes.	455,623.88	883,938.98
Total	\$3,281,776.03	\$ 4,417,614.10
Net Income.....	\$4,490,973.42	\$ 7,466,002.93

The earnings of 1929 were larger than for the year 1928. Approximately \$790,000 of this increase was due to profit on the sale of securities.

Sales of pig lead for the year, including lead purchased, were 221,889 tons as compared with 188,982 tons in 1928.

The average price received for the company's product, East St. Louis basis, was 6.646 cents a pound for lead, as compared with 6.133 cents for the year 1928, and 6.512 cents a pound for zinc, as compared with 6.027 cents for the year 1928.

Federal Income Taxes amounting to \$459,211.20 were paid in 1929 and \$9,449.90 additional Federal Capital Stock Tax for the years 1924 and 1925 was also paid. Final payment on account of back taxes for the years 1917, 1918, 1919 and 1920 has been agreed upon with the Board of Tax Review and will require with interest approximately \$115,000.00 additional. The years 1921-1928, inclusive, have not yet been settled and it is anticipated that there will be some

additional tax for these years. The company's reserve for contingencies should be ample to cover the probable amount.

The sale of your railroad properties and your power plant, referred to in my last report, was consummated in the year 1929, your company receiving for its railroad investment \$3,673,940.78 in cash and 4,725 shares of stock of the Missouri-Illinois Railroad Company (21% of the outstanding stock of that company) which is under option to the Missouri Pacific Railway for the sum of \$321,428.57. The contract to sell your power plant calls for payment of \$2,750,000 on March 1, 1930, in addition to the \$250,000 already paid.

On May 1, 1929, your company purchased the ore reserves, mineral rights and all the physical property of the Desloge Consolidated Lead Company in St. Francois and Washington Counties, Missouri, for the sum of \$10,000,000, plus minor adjustments covering the values of metal in process and inventory supplies on hand. Payment was made by the issuance of debenture bonds which were called and paid on December 2, 1929. The ore lands of the Desloge Company were closely associated with your company's older holdings and round out its property in St. Francois and Washington Counties, Missouri, in such a way as to make for more efficient operation.

In 1926 your company purchased the Edwards Mine in St. Lawrence County, New York, and as part of the consideration for the purchase price took an option on an undeveloped and unexplored zinc property in the town of Fowler which was known locally as the "Balmat" property. This property your company has proved by diamond drilling, drifting and crosscutting, to be of real merit, and with the acquisition of an adjoining property known locally as the "Dominion" has developed a mine which justified the erection of a mill, the building of a railroad spur four and one-half miles long, and the erection of a townsite with the necessary buildings, water supply, sewage disposal, etc. The initial unit is of 500-ton capacity but will probably be enlarged to 1000 tons if the zinc market warrants.

Your company has organized in Buenos Aires, Argentina, an Argentine Corporation—the "Compania Minera Aguilar, S. A."—and transferred to this company all its mining rights and properties in the Aguilar District, Province of Jujuy, Argentina. A Delaware corporation known as the "Aguilar Corporation" has recently been incorporated and to it has been transferred all of the stock of the Argentine Corporation. The Aguilar Corporation will finance in the Argentine the building of a 35-mile railroad from Tres Cruces to Aguilar, the construction of an 800-ton mill, a Diesel power plant, townsite, and will handle all the necessary development to place the property in operation during the early part of 1932.

CLINTON H. CRANE,
President.

PRODUCTION

	<u>1928</u>	<u>1929</u>
Tons of ore mined.....	4,883,194	5,750,412
Tons of lead concentrates produced.....	204,181	245,958 ✓
Tons of lead content in concentrates produced.....	148,568	178,181
Tons of zinc concentrates produced.....	45,928	60,475 ✓
Tons of zinc content in concentrates produced.....	27,361	35,115

S T. J O S E P H
AND SUBSIDIARY
CONSOLIDATED BALANCE S

ASSETS

CAPITAL ASSETS:

Ore reserves and mineral rights, including appreciation arising from revaluation.....	\$42,888,607.04	
Less—Reserve for depletion.....	25,591,839.39	\$17,296,767.65
Buildings, plant, and equipment*.....	\$20,670,704.30	
Less—Reserve for depreciation.....	7,045,857.03	13,624,847.27
Exploration expenditures on properties held under option.....		821,795.90
Total capital assets.....		\$31,743,410.82

INVESTMENTS:

Sundry securities and loans.....	\$ 448,903.56	
Stocks of other mining companies**.....	617,190.70	
Investments in and advances to Mine La Motte Corporation (50% owned).....	895,088.40	1,961,182.66

CURRENT AND WORKING ASSETS:

Inventories at cost:		
Lead and zinc.....	\$ 1,831,777.94	
Materials and supplies.....	2,303,281.72	
Total inventories.....	\$ 4,135,059.66	
Accounts receivable.....	1,751,114.90	
Marketable securities and call loans.....	2,722,404.23	
Cash in banks and on hand.....	1,752,035.68	10,360,614.47
DEFERRED CHARGES—Prepaid insurance, taxes, etc.....		266,577.50
Total		\$44,331,785.45

* Less \$250,000.00 received on account for power plant sold subsequently to December 31, 1929.
 ** At cost or market whichever was lower.

ST. JOSEPH LEAD COMPANY

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1929

LIABILITIES

CAPITAL STOCK:

Authorized, 2,000,000 shares of \$10.00 each.....	\$20,000,000.00	
Issued, 1,996,792 shares.....	\$19,967,920.00	
Less—In treasury, 46,332 shares.....	463,320.00	
Net	\$19,504,600.00	
Scrip outstanding.....	488.50	\$19,505,088.50

MINORITY INTEREST IN SUBSIDIARY COMPANIES:

Capital Stock and Proportion of Surplus Applicable Thereto.....	228,756.32
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CURRENT LIABILITIES:

Accounts payable.....	\$ 1,585,252.90	
Wages accrued.....	62,431.89	
Federal income tax, 1929.....	821,458.72	
Total	\$ 2,469,143.51	
Dividends declared, payable quarterly during 1930.....	5,851,381.50	8,320,525.01

RESERVE FOR CONTINGENCIES, ETC. (Including Federal taxes for prior years) ... 1,419,962.17

SURPLUS 14,857,453.45

Total \$44,331,785.45

CERTIFICATE.

We have examined the accounts of the St. Joseph Lead Company and its subsidiary companies for the year ended December 31, 1929.

The inventories of lead and zinc, and materials and supplies represent balances shown by perpetual inventory records which are adjusted periodically to agree with physical inventories. The inventory records were examined by us and appear to be in order.

WE HEREBY CERTIFY that in our opinion the above consolidated balance sheet and accompanying consolidated surplus account set forth, respectively, the financial condition of the companies at December 31, 1929, and the results of their operations for the year ended that date.

NEW YORK,
March 21, 1930.

HASKINS & SELLS.

ST. JOSEPH LEAD COMPANY

AND SUBSIDIARY COMPANIES

CONSOLIDATED SURPLUS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 1929

Surplus, December 31, 1928, including surplus arising from revaluation of ore reserves and mineral rights.....		\$13,493,586.31
Profit From Operations for The Year Ended December 31, 1929, after writing off development and exploration expenses on properties abandoned, but before providing for depreciation, depletion, and Federal income tax.....	\$10,237,728.26	
Interest, dividends, and miscellaneous income (net).....	1,717,041.56	
Gross Income.....	\$11,954,769.82	
Deduct—Provision for:		
Depreciation	\$ 1,268,935.08	
Depletion	2,264,740.04	
Federal income tax.....	883,938.98	4,417,614.10
Net	\$ 7,537,155.72	
Deduct—Proportion of net income applicable to minority interests	71,152.79	
Net Income for the year.....	7,466,002.93	
Total	\$20,959,589.24	
Deduct:		
Surplus of Mississippi River And Bonne Terre Railway—		
Sold as of January 1, 1929.....	\$ 250,814.96	
Less decrease in minority interests in The Doe Run Lead Company.....	79.42	250,735.54
Net	\$20,708,853.70	
Deduct—Dividends declared, payable quarterly during 1930.....	5,851,400.25	
Surplus, December 31, 1929, including surplus arising from revaluation of ore reserves and mineral rights.....	\$14,857,453.45	

ST. JOSEPH LEAD COMPANY
(PARENT COMPANY)

INVESTMENTS IN SUBSIDIARY COMPANIES
DECEMBER 31, 1929

	No. of shares outstanding	Par value per share	Percentage of outstanding shares owned
The Doe Run Lead Company.....	6,574%	No par	96.43%
Kansas Explorations, Inc.....	8,000	\$100.00	100.00%
Bonne Terre Farming and Cattle Company.....	50,000	10.00	99.91%

ST. JOSEPH LEAD COMPANY
AND SUBSIDIARY COMPANIES

STATEMENT OF ESTIMATED AND ACTUAL NET INCOME
FOR THE YEAR ENDING DECEMBER 31, 1929

	Estimated	Actual
Net income, before providing for depreciation, depletion and Federal income tax.....	\$12,100,000.00	\$11,883,617.03
<i>Deduct</i> —Provision for:		
Depreciation	\$1,220,000.00	\$1,268,935.08
Depletion	2,160,000.00	2,264,740.04
Federal income tax.....	920,000.00	883,938.98
	<u>\$4,300,000.00</u>	<u>\$4,417,614.10</u>
Net income for the year ending December 31, 1929.	<u>\$7,800,000.00</u>	<u>\$7,466,002.93</u>

ST. JOSEPH

(PARTIAL)

BALANCE SHEET

ASSETS

CAPITAL ASSETS:

Ore reserves and mineral rights.....	\$29,058,807.28	
Less—Reserve for depletion.....	14,615,883.05	\$14,442,924.23
Buildings, plant and equipment*.....	\$15,939,584.50	
Less—Reserve for depreciation.....	5,062,753.34	10,876,831.16
Exploration expenditures on properties held under option.....		821,795.90
Total capital assets.....		\$26,141,551.29

INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES:

Investments	\$5,211,758.57	
Advances (Net)	2,440,160.02	7,651,918.59

OTHER INVESTMENTS:

Sundry securities and loans.....	\$358,830.89	
Stocks of other mining companies**.....	617,190.70	
Investment in and advances to Mine La Motte Corporation (50% owned).....	895,088.40	1,871,109.99

CURRENT AND WORKING ASSETS:

Inventories at cost:		
Lead and zinc.....	\$1,417,188.19	
Materials and supplies.....	2,080,372.93	
Total inventories	\$3,497,561.12	
Accounts receivable	1,648,343.55	
Marketable securities and call loans.....	615,484.41	
Cash in banks and on hand.....	1,484,835.40	7,246,224.48

DEFERRED CHARGES—Prepaid insurance, taxes, etc.....		173,136.51
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Total		<u>\$43,083,940.86</u>
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* Less \$166,666.67 received on account for power plant sold subsequently to December 31, 1929.

** At cost or market whichever was lower.

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LEAD COMPANY

COMPANY)

DECEMBER 31, 1929

LIABILITIES

CAPITAL STOCK:

Authorized—2,000,000 shares of \$10 each.....	\$20,000,000.00	
Issued, 1,996,792 shares.....	\$19,967,920.00	
Less—In treasury, 46,332 shares.....	463,320.00	
Net	\$19,504,600.00	
Scrip outstanding	488.50	\$19,505,088.50

CURRENT LIABILITIES:

Accounts payable	\$1,518,295.95	
Wages accrued	47,798.52	
Federal income tax, 1929.....	478,284.05	
Total	\$2,044,378.52	
Dividends declared, payable quarterly during 1930.....	5,851,381.50	7,895,760.02

RESERVE FOR CONTINGENCIES, ETC. (Including Federal taxes for prior years) ... 948,932.76

SURPLUS

	14,734,159.58
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Total

	\$43,083,940.86
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CERTIFICATE.

We have examined the accounts of the St. Joseph Lead Company for the year ended December 31, 1929.

The inventories of lead and zinc, and materials and supplies represent balances shown by perpetual inventory records which are adjusted periodically to agree with physical inventories. The inventory records were examined by us and appear to be in order.

WE HEREBY CERTIFY that in our opinion the above balance sheet and accompanying surplus account set forth, respectively, the financial condition of the company at December 31, 1929, and the results of its operations for the year ended that date.

NEW YORK,
March 21, 1930.

HASKINS & SELLS.

ST. JOSEPH LEAD COMPANY

(PARENT COMPANY)

SURPLUS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 1929

Surplus, December 31, 1928.....	\$12,997,192.69
Profit From Operations For The Year Ended December 31, 1929, after writing off exploration expenses on properties abandoned, but before providing for depreciation, depletion, and Federal income tax.....	\$ 7,066,934.75
Interest, dividends, and miscellaneous income, including divi- dends received from subsidiary companies (Net).....	3,446,869.57
Gross Income.....	\$10,513,804.32
Deduct—Provision for:	
Depreciation	\$ 1,006,441.02
Depletion	1,378,231.85
Federal income tax.....	540,764.31 2,925,437.18
Net Income For The Year.....	7,588,367.14
Gross Surplus	\$20,585,559.83
Deduct—Dividends declared, payable quarterly during, 1930.....	5,851,400.25
Surplus, December 31, 1929.....	\$14,734,159.58